

Washington, DC -- Today, U.S. Representative Michael A. Arcuri (D-Utica) continued his commitment to help middle class families pay for higher education by voting to cut student loan rates in half and increase Pell Grants at no new cost to taxpayers.

“It is no secret that improving and strengthening education is essential if we as a nation want to maintain our competitive edge in today’s global marketplace,” said Arcuri. “Unfortunately, hard-working middle class families find themselves priced out of providing the best educational opportunities for their kids as college costs rise. This legislation would help thousands of students and families invest in their future. This bill also stands to uniquely benefit our region, home to so many outstanding colleges and universities who employ and educate our area.”

The College Cost Reduction Act of 2007 (H.R. 2669), which passed the House, would increase financial aid by about \$18 billion over the next five years. The legislation pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$19 billion. H.R. 2669 also includes \$750 million in federal budget deficit reduction. The Senate is expected to vote on similar legislation this month.

According to Congressional Research Service estimates, students and families in New York would see \$1,135,000,000 in additional aid from decreased interest rates on need-based student loans and increased Pell Grant scholarships over the next 5 years. In New York, 243,696 students take out need-based loans each year at public 4-year schools – causing a typical student to accumulate \$14,276 of debt. In the 24th district alone, there are 12,681 borrowers, attending our eight four-year colleges and universities and four two-year institutions.

Under H.R. 2669, the maximum value of the Pell Grant scholarship would increase by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would reach \$4,900 in 2008 and \$5,200 in 2011, up from \$4,050 in 2006. About 6 million low- and moderate-income students would benefit from this increase nationwide. 420,531 students in New York could benefit from a \$500 increase in the Pell Grant scholarship by 2011.

The legislation would cut interest rates in half on need-based student loans. Like H.R. 5, which Arcuri cosponsored and the House passed earlier this year, the College Cost Reduction Act would cut interest rates from 6.8 percent to 3.4 percent in steps over the next five years. Once

fully phased-in, this would save the typical student borrower – with \$13,800 in need-based student loan debt – \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year. Once fully phased in, the interest rate cut would save the typical student in New York with need-based loans \$4,570 over the life of the loan.

H.R. 2669 would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 20 years.

“By strengthening our commitment to students and their families – while maintaining our commitment to pay-as-you-go rules and fiscal responsibility – this legislation would help families across the 24th district pay for college with no additional tax burden,” said Arcuri. “The outstanding two-year and four-year educational institutions we have know the value of helping families pay for higher education and their students will benefit from these investments. I will continue to fight for legislation that supports students and their families, growing our economy for generations to come.”

The College Cost Reduction Act includes a number of other provisions to help students and families, including:

- Tuition assistance for excellent undergraduate students who agree to teach in the nation’s public schools;
- Loan forgiveness for college graduates that go into public service professions, such as firefighters and first responders;
- Increased federal loan limits so that students won’t have to rely as heavily on costlier private loans;
- New tuition cost containment strategies.

Since taking office, Arcuri has supported – and the House has passed – legislation to improve and reauthorize the national Head Start program, add thousands of highly qualified K-12 math and science teachers to our schools, and expand research opportunities.

###